GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:575
ANSWERED ON:16.08.2007
SUBSIDY ON PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the value of subsidy given by the Government on each unit of LPG;

(b) the quantum of LPG unit on which subsidy has been provided during the last three years and the quantum of LPG unit used during each of the years;

(c) the steps taken by the Government to provide subsidy on LPG used for domestic purposes only alongwith the details of provisions made by the Government to check its misuse; and

(d) the action taken by the Government under the said provision during the last three years?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a): Government provided a subsidy of Rs. 22.58 per 14.2 kg of domestic LPG cylinder for the year 2006-07, from the fiscal budget.

Additionally, the Government had issued oil bonds worth Rs.11,500 crore to OMCs for the year 2005-06 as partial compensation in respect of losses/under-recoveries suffered by them in selling PDS kerosene and domestic LPG. During the financial year 2006-07, the Government issued oil bonds worth Rs.24,121 crore as partial compensation in respect of losses/under- recoveries suffered by OMCs in selling sensitive petroleum products, which includes PDS kerosene and domestic LPG.

(b): The Government has provided subsidy on LPG used for domestic purposes only. The estimated quantum of LPG units on which subsidy has been provided for the last three years is given below:

Year	Million Cylinder
2004-05	671
2005-06	664
2006-07	685

(c)&(d): While OMCs make all efforts to meet the genuine demand of the customers registered with the LPG distributors, action is taken against the erring distributors in accordance with the LPG Marketing Discipline Guidelines (MDG). In addition, State Governments are empowered to take action against illegal use of domestic LPG.

The following measures have been taken to prevent the diversion / black marketing of domestic LPG cylinders for commercial purposes:

(i) Under the LPG (Regulation of Supply and Distribution), Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion / black marketing of domestic LPG cylinders for commercial purposes by the distributors of OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders of unauthorized usage.

(ii) The officials of OMCs carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no diversion / black marketing takes place. In case of establishment of any diversion / black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor :-
Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.
Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and
Termination of the distributorship for 3rd offence.

(iii) Government have issued advertisements cautioning the public that use of domestic LPG for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity/ malpractice to the OMCs.

(iv) Government have advised OMCs to introduce different colours for domestic & non- domestic cylinders. This is expected to help in

controlling the diversion of domestic LPG for unauthorized use.

Action taken by the OMCs as per the provisions of MDG for the last three years is given in the Annexure.